

# Agricultural Commodity Processing Facility Investment Tax Credit Program

## Rates, limitations, and other features of the tax credit by tax year

This document is only intended to be a quick reference tool for taxpayers, tax professionals, and other persons interested in the tax credit rate, limitations, and other selected features applicable to investments made in a particular tax year. The tax year is that of the taxpayer making the investment (not the qualified business's tax year). For complete details or assistance with respect to a tax year, contact the North Dakota Office of State Tax Commissioner.

**How to use this chart:** Go to the column for the tax year in which the qualified investment was made. Then look down that column to see the rate, limitations, and other features that apply to that investment and related tax credit.

Provision	Tax year in which investment was made											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Eligible taxpayer <sup>1, 2</sup>	Individual, estate, or trust				Individual, estate, trust, partnership, corporation ("C" or "S"), or LLC							
Qualified investment <sup>3</sup>	Cash	Cash	Cash	Cash	Cash or Real estate	Cash or Real estate	Cash or Real estate	Cash or Real estate	Cash or Real estate	Cash or Real estate	Cash or Real estate	Cash or Real estate
Credit rate	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Number of carryover years for unused credit <sup>4</sup> <i>(Last tax year in which an unused credit carryover may be used is shown in parentheses)</i>	15 (2016)	15 (2017)	15 (2018)	15 (2019)	5 (2010)	5 (2011)	10 (2017)	10 (2018)	10 (2019)	10 (2020)	10 (2021)	10 (2022)
Maximum investment <sup>5</sup>	\$20,000	\$20,000	\$20,000	\$20,000	\$166,667	\$166,667						
Maximum allowable credit <sup>6</sup>	\$6,000	\$6,000	\$6,000	\$6,000	\$50,000	\$50,000						
Limit on amount of allowable credit that may be used in any tax year <sup>6, 7</sup>	50%	50%	50%	50%	50%	50%						
Limit on amount of allowable credit that may be used in any tax year <sup>8</sup>							\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Limit on amount of allowable credit that may be used in any tax year based on tax liability (before credits) <sup>9</sup>	50%	50%	50%	50%	50%	50%						
Cumulative limit on total tax credits allowed under Program to a taxpayer for all tax years <sup>10</sup>					\$250,000							

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Provision	Tax year in which investment was made											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Eligible taxpayer <sup>1, 2</sup>	Individual, estate, trust, partnership, corporation ("C" or "S"), or LLC											
Qualified investment <sup>3</sup>	Cash or Real estate	Cash or Real estate	<div>Tax years after 2014 are subject to legislative change and are therefore omitted until after the next legislative session.</div> <div>Unless there is a legislative change in 2015 or after, the provisions in effect for the 2007 through 2014 tax years will continue to apply to tax years after 2014.</div>									
Credit rate	30%	30%										
Number of carryover years for unused credit <sup>4</sup> <i>(Last tax year in which an unused credit carryover may be used is shown in parentheses)</i>	10 (2023)	10 (2024)										
Maximum investment <sup>5</sup>												
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Limit on amount of allowable credit that may be used in any tax year based on tax liability (before credits) <sup>9</sup>												
Cumulative limit on total tax credits allowed under Program to a taxpayer for all tax years <sup>10</sup>	\$250,000											

## Notes

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- <sup>1</sup> For tax years beginning before January 1, 2005, an eligible taxpayer was limited to an individual, estate, or trust. Other types of entities, such as a corporation, could make an investment in the business but the investment was not a qualified investment and no credit was allowed.
- <sup>2</sup> For tax years beginning on or after January 1, 2005, an eligible taxpayer included all entity types except governmental and tax-exempt entities. In the case of a passthrough entity—partnership, S corporation, or limited liability company treated like a passthrough entity—the credit is calculated at the passthrough entity level and passed through to the owners based on their respective ownership interests.
- <sup>3</sup> For tax years beginning on or after January 1, 2007, a qualified investment included the transfer of a fee simple interest in North Dakota real estate, subject to a number of conditions and reporting requirements.
- <sup>4</sup> The unused credit carryover provision does not apply at the passthrough entity level, but applies at the owner level, provided the owner is not another passthrough entity.
- <sup>5</sup> No credit is allowed in any tax year for the amount of investment made during the tax year in excess of the maximum investment amount shown in table. Applied per investor; in the case of married individuals filing jointly, applied per spouse.
- <sup>6</sup> For investments made in tax years beginning before January 1, 2007, the allowable credit equals the total qualified investments made during the tax year multiplied by the credit rate, not to exceed the maximum allowable credit shown in the table.
- <sup>7</sup> For investments made in tax years beginning before January 1, 2007, multiply the allowable credit on investments made during the tax year by 50 percent. The result is the limit on the amount of the allowable credit that may be used in the year of investment or in any carryover year. For example, if \$10,000 is invested in the 2006 tax year, the allowable credit is \$3,000 (\$10,000 x 30%), of which no more than \$1,500 (\$3,000 x 50%) may be used in 2006 or any of the five carryover years. This limitation does not apply at the passthrough entity level but applies at the owner level, provided the owner is not another passthrough entity.
- <sup>8</sup> For investments made in tax years beginning on or after January 1, 2007, the allowable credit equals the total qualified investments made during the tax year multiplied by the credit rate. There is no limit on the allowable credit for qualified investments made in a tax year; however, no more than \$50,000 of the allowable credit may be used in the investment year or any carryover year. This limitation does not apply at the passthrough entity level but applies at the owner level, provided the owner is not another passthrough entity.
- <sup>9</sup> For investments made in tax years beginning before January 1, 2007, the portion of the allowable credit that may be used in a tax year may not offset more than 50 percent of the taxpayer's tax liability (before credits). For example, if \$20,000 is invested in the 2006 tax year, the allowable credit is \$6,000 (\$20,000 x 30%), of which no more than \$3,000 may be used in any tax year. If the taxpayer's tax liability (before credits) is \$2,000, only \$1,000 of the total allowable credit may be used to reduce the tax liability. The unused credit of \$5,000 (\$6,000 - \$1,000) may be carried over for up to five tax years.
- <sup>10</sup> This limitation does not apply at the passthrough entity level but applies at the owner level, provided the owner is not another passthrough entity. For example, if an individual is an owner in a partnership, S corporation, or limited liability company, the individual is limited to \$250,000 of total tax credits under the Program, even though the individual and the passthrough entity each invest enough to generate \$250,000 of credits (for a total of \$500,000).